



# **STRATEGIC AND CRITICAL MATERIALS REPORT TO THE CONGRESS**

**Operations under the Strategic and Critical  
Materials Stock Piling Act during the Period  
October 1998 through September 1999**



**DEPARTMENT OF DEFENSE**



ACQUISITION AND  
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE  
3010 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-3010



14 JAN 2000

Honorable Albert H. Gore  
President of the Senate

Honorable J. Dennis Hastert  
Speaker of the House of Representatives

Dear Mr. President and Mr. Speaker:

This letter transmits the annual report on operations of the National Defense Stockpile (NDS) in accordance with section 11(a) of the Strategic and Critical Materials Stock Piling Act as amended (50 U.S.C. section 98h-2). The report details the operations of NDS during Fiscal Year 1999 and provides information with regard to the acquisition, upgrade and disposition of NDS materials under the Act, as well as the financial status of the NDS Transaction Fund for Fiscal Year 1999. The Defense Logistics Agency performs operations and management functions for the NDS.

Sincerely,

Dave Oliver  
Principal Deputy

Enclosure



---

# CONTENTS

---

## CHAPTERS

I. THE STRATEGIC AND CRITICAL MATERIALS STOCKPILING PROGRAM .....	1
<i>OVERVIEW</i>	
<i>STATUS OF THE STOCKPILE INVENTORY</i>	
<i>RECENT LEGISLATION</i>	
II. STOCKPILE ACQUISITION, UPGRADING AND DISPOSAL PROGRAMS .....	5
<i>ANNUAL MATERIALS PLAN</i>	
<i>ACQUISITIONS AND UPGRADES</i>	
<i>SALES OF EXCESS INVENTORY</i>	
<i>TITANIUM TRANSFER TO THE DEPARTMENT OF THE ARMY</i>	
<i>ENVIRONMENTAL ACTIVITIES</i>	
III. FINANCIAL STATUS OF THE NATIONAL DEFENSE STOCKPILE	
TRANSACTION FUND .....	17
<i>OVERVIEW</i>	

## APPENDICES

A. STRATEGIC AND CRITICAL MATERIALS STOCK PILING ACT .....	19
B. EXCERPTS FROM THE EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR FISCAL YEAR 1999 (P.L. 106-31; May 21, 1999).....	27
C. EXCERPTS FROM PRIOR LAWS AFFECTING THE NATIONAL DEFENSE STOCKPILE .....	31
D. NATIONAL DEFENSE STOCKPILE INVENTORY .....	37
E. ABBREVIATIONS USED IN THIS REPORT .....	45
F. BIDDERS INFORMATION .....	47
G. SUBSCRIPTION SERVICES .....	49

---

## CHARTS

1. NATIONAL DEFENSE STOCKPILE INVENTORY .....	1
2. ACQUISITIONS AND UPGRADES OBLIGATIONS .....	5
3. SALES .....	6
4. FISCAL YEAR 1999 SALES .....	7

## TABLES

1. FISCAL YEAR 1999 REVISED ANNUAL MATERIAL PLAN .....	8
2. FISCAL YEAR 2000 REVISED ANNUAL MATERIAL PLAN .....	11
3. FISCAL YEAR 1999 NATIONAL DEFENSE STOCKPILE SALES .....	14
4. FINANCIAL STATUS OF THE NATIONAL DEFENSE STOCKPILE TRANSACTION FUND .....	17
5. STOCKPILE GOALS AND INVENTORY STATUS .....	38
6. INVENTORY SOLD BUT NOT SHIPPED .....	43

# I. THE STRATEGIC AND CRITICAL MATERIALS STOCKPILING PROGRAM

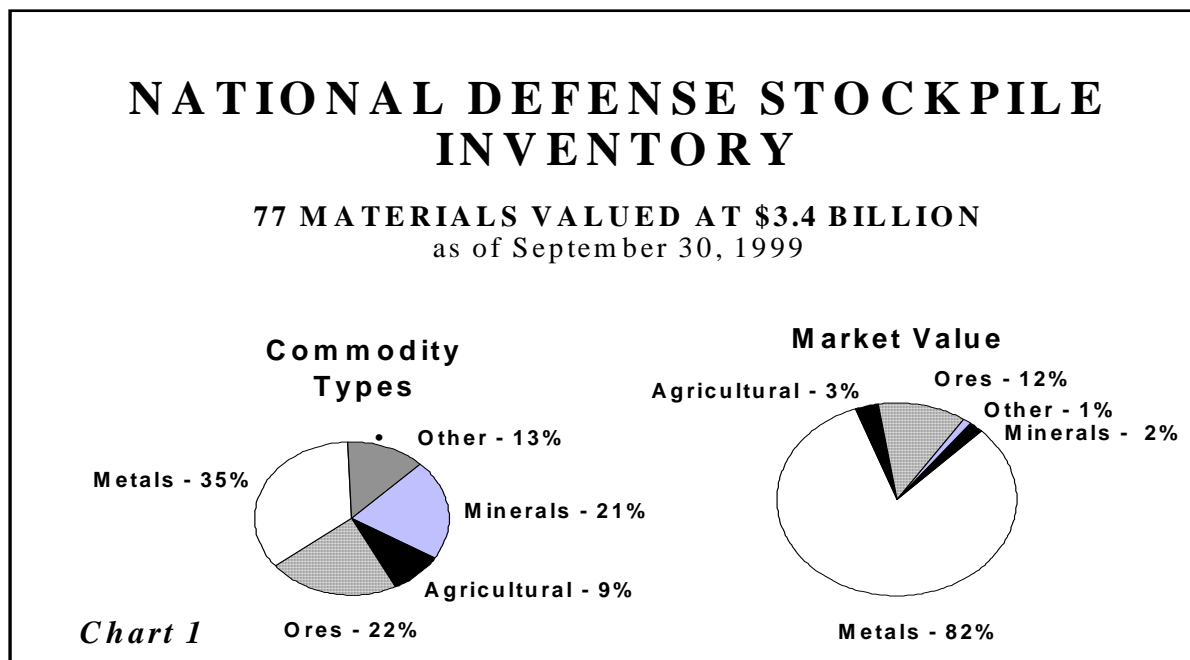
---

## OVERVIEW

The Strategic and Critical Materials Stock Piling Act (50 U.S.C. section 98 *et seq.*) mandates that a stockpile of strategic and critical materials (the Stockpile) be maintained to decrease and preclude, where possible, dependence upon foreign sources of supply in times of national emergency. Appendix A of this report provides a copy of the complete Stock Piling Act, as amended. Authority for management of the operational aspects of the National Defense Stockpile has been delegated to the Defense Logistics Agency, Defense National Stockpile Center.

## STATUS OF THE STOCKPILE INVENTORY

The total National Defense Stockpile (NDS) inventory was valued at \$3.4 billion on September 30, 1999. Chart 1 and Table 5 in Appendix D provide detailed information on the composition of the NDS inventory as of September 30, 1999. The value of the stockpile represents a “price snapshot” as of September 30, 1999.



## **RECENT LEGISLATION**

The following laws affecting the National Defense Stockpile were passed during the report period: P.L. 106-31, Emergency Supplemental Appropriations Act for Fiscal Year 1999 signed May 21, 1999; P.L. 106-65, National Defense Authorization Act for Fiscal year 2000, signed October 5, 1999; and P.L. 106-79, Department of Defense Appropriations Act, 2000, signed October 25, 1999; Leif Ericson Millennium Commemorative Coin Act (P.L. 106-126) signed December 6, 1999. A summary of the Acts cited above is included below. Excerpts from the Acts are included in Appendix B.

### **Emergency Supplemental Appropriations Act for Fiscal Year 1999 (P.L. 106-31)**

Authorizes the disposal of 17,383 short dry tons of zirconium ore from the National Defense Stockpile.

### **The National Defense Authorization Act for Fiscal Year 2000 (P.L. 106-65)**

Authorizes the transfer of not more than \$150 million from the National Defense Stockpile Transaction Fund to the operation and maintenance accounts of the Army, Navy, and Air Force (\$50 million each). (Sec. 304)

Authorizes the obligation of up to \$78.7 million of National Defense Stockpile Transaction Fund monies for operation of the National Defense Stockpile program during Fiscal Year 2000, including disposal of hazardous materials that are environmentally sensitive. The Stockpile Manager may, 45 days after notifying Congress, obligate additional amounts if extraordinary or emergency conditions require additional expenditures. (Sec. 3401)

Requires the sale of authorized commodities so as to result in receipts of \$10 million by the end of Fiscal Year 2000; \$100 million during the 5-fiscal year period ending September 30, 2004; and \$300 million during the 10-fiscal year period ending September 30, 2009. The funds received shall be deposited into the general fund of the Treasury. Authorizes increased receipts under prior disposal authority. Eliminates disposal restrictions on earlier disposal authority. (Sec 3402)

### **The Department of Defense Appropriations Act, 1999 (P.L. 106-79)**

Transfers \$150 million from the National Defense Stockpile Transaction Fund to the operation and maintenance accounts of the Army, Navy, and Air Force (\$50 million each). (Title II)

### **Leif Ericson Millennium Commemorative Coin Act (P.L. 106-126)**

Authorizes the Secretary of the Treasury to obtain silver for minting coins under this title from any available source, including stockpiles established under the Strategic and Critical Materials Stock Piling Act.

### **United States Capitol Visitor Center Commemorative Coin Act of 1999 (P.L. 106-126)**

Authorizes the Secretary of the Treasury to obtain silver for minting coins under this title from stockpiles established under the Strategic and Critical Materials Stock Piling Act and from other available sources.

### **Lewis and Clark Expedition Bicentennial Commemorative Coin Act (P.L. 106-126)**

Authorizes the Secretary of the Treasury to obtain silver for minting coins under this title from any available source, including stockpiles established under the Strategic and Critical Materials Stock Piling Act.

This page was left blank intentionally.



## II. STOCKPILE ACQUISITION, UPGRADING AND DISPOSAL PROGRAMS

---

### ANNUAL MATERIALS PLAN

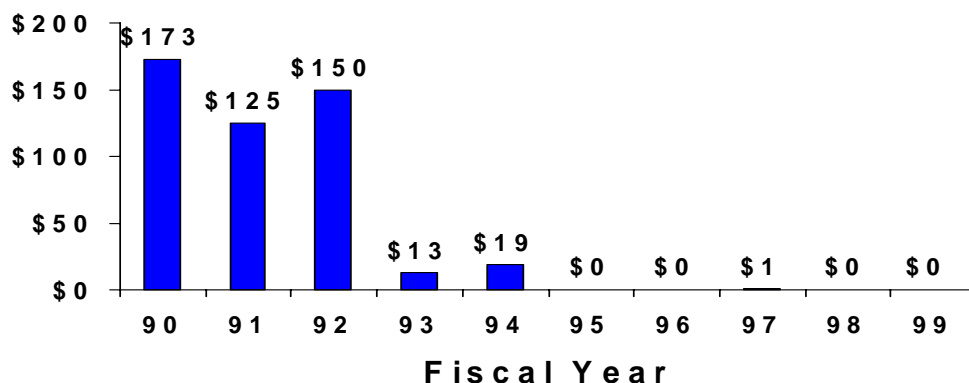
The Annual Materials Plan (AMP) lists the proposed maximum quantity of each commodity that may be sold and/or bought by the Department of Defense (DoD) in a given fiscal year. Before any materials may be bought or sold, the Congress must enact specific enabling legislation. After receiving congressional authority, DoD develops the AMP, which is submitted to the Congress by February 15th of each year. Prior to submission, the AMP is coordinated with the Market Impact Committee, an interagency committee that advises DoD on the projected domestic and foreign economic effects of the proposed Stockpile transactions. The AMP is effective on the first day of the fiscal year. If DoD proposes significant changes to the AMP during the fiscal year, a revised AMP is submitted to the Congress. The revisions become effective 45 calendar days after their submission. The revised Fiscal Year 1999 AMP is shown in Table 1 on page 7, and the Fiscal Year 2000 AMP is shown in Table 2 on page 10.

### ACQUISITIONS AND UPGRADES

There were no commodity acquisitions or upgrades in Fiscal Year 1999. Chart 2 presents data on previous years, acquisitions and upgrades.

#### ACQUISITIONS AND UPGRADES OBLIGATIONS

\$ Millions



*Chart 2*

## SALES OF EXCESS INVENTORY

The Stockpile sold \$446.4 million of excess materials during Fiscal Year 1999. These sales included \$33.4 million of silver transferred at market prices to the Department of the Treasury for commemorative coinage programs. The transfer of 250 tons of titanium sponge to the Department of the Army at no cost (P.L. 104-106) is not reflected in the sales total. The market value of this titanium was nearly \$2 million.

Sales for Fiscal Years 1992 through 1999 are shown in Chart 3.

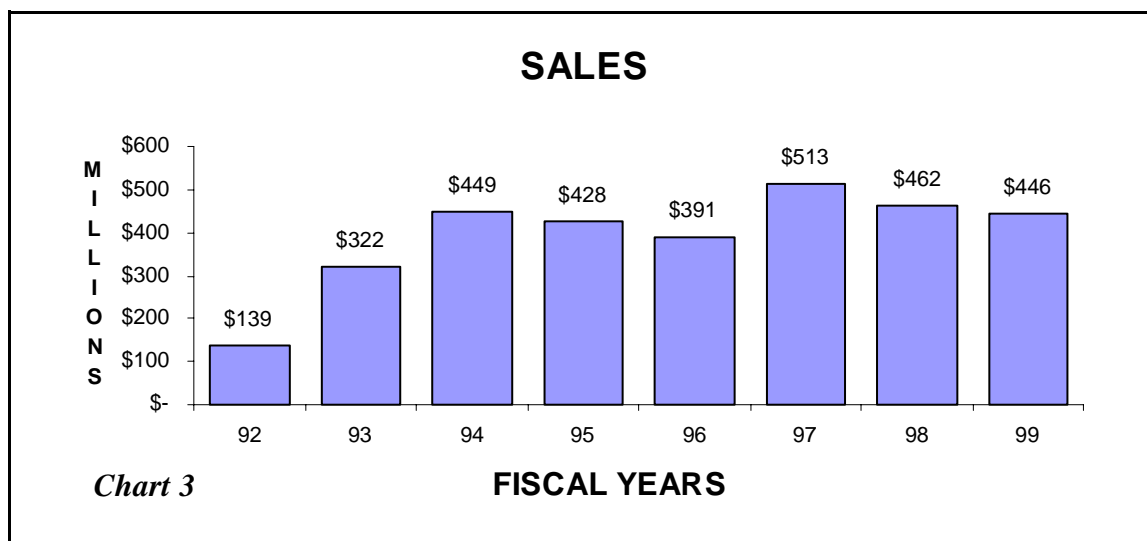
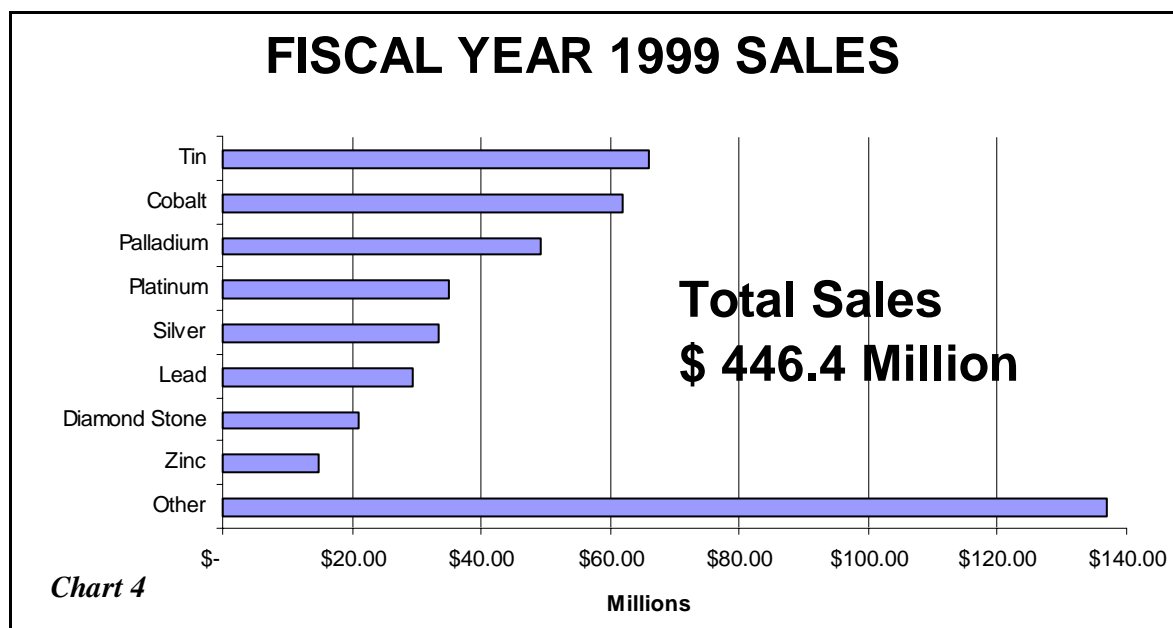


Table 3 on page 12 lists all Stockpile sales for Fiscal Year 1999. A summary of these sales is shown in Chart 4. Dollar amounts in Chart 4 are based on awarded contracts. The top selling materials were tin, cobalt, palladium, platinum, silver, lead, diamond stones, and zinc. Together they accounted for \$309.6 million and 70 percent of total sales.

Inventory quantities of five materials—diamond dies, diamond bort, fluorspar acid grade, indium, nickel —were depleted by sales during this reporting period.



## TITANIUM TRANSFER TO THE DEPARTMENT OF THE ARMY

In accordance with section 3305 of the National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106), 250 tons of titanium sponge were transferred to the Army's Tank and Automotive Command for use in the weight reduction portion of the main battle tank upgrade program. Fiscal Year 1999 was the fourth year of this program, which provides for annual transfers of up to 250 tons of titanium sponge to continue through Fiscal Year 2003. To date 1000 tons have been transferred. While this material is provided to the Army without charge, the law specifies that the Army will pay the costs for transportation and handling.

## ENVIRONMENTAL ACTIVITIES

During Fiscal Year 1999, the Defense National Stockpile Center continued environmental site investigations with the Department of the Army Corps of Engineers at all staffed Defense National Stockpile Center facilities and other locations where lead has been stored. The environmental site investigations will be completed in FY00 and site cleanup will be initiated at sites requiring decontamination. Additionally, the Defense National Stockpile Center will continue to work with the Department of Energy's contract with Oak Ridge National Laboratory to evaluate alternatives for the ultimate disposal of radioactive corrosive thorium nitrate. During fiscal year 1999, the remaining stockpile of chrysotile asbestos was sold. The entire remaining inventory of non-marketable amosite and crocidolite asbestos was put on contracts for disposal in state approved, environmentally sound landfills. Upon completion of these contracts, DNSC will have disposed of its entire stockpile of asbestos.

<p style="text-align: center;"><b>TABLE 1</b></p> <p style="text-align: center;"><b>FISCAL YEAR 1999</b></p> <p style="text-align: center;"><b>REVISED ANNUAL MATERIAL PLAN (AMP)</b></p>		
<b>Material</b>	<b>Unit</b>	<b>Quantity</b>
Aluminum Oxide, Abrasive	ST	6,000
Aluminum Oxide, Fused Crude	ST	65,000
Analgesics	AMA LB	40,000
Antimony	ST	5,000
Asbestos (all types)	ST	20,000
Bauxite, Metallurgical Jamaican	LDT	2,000,000
Bauxite, Refractory	LCT	29,000
Bauxite, Metallurgical Surinam	LDT	1,500,000
Beryl Ore	ST	2,000
Beryllium Metal	ST	20 1/
Beryllium Copper Master Alloy	ST	1,250
Cadmium	LB	1,200,000
Celestite	SDT	3,600
Chromite, Chemical	SDT	100,000
Chromite, Metallurgical	SDT	250,000
Chromite, Refractory	SDT	100,000
Chromium, Ferro	ST	25,000 1/
Cobalt	LB Co	6,000,000
Columbium Carbide Powder	LB Cb	21,372 1/
Columbium Concentrates	LB Cb	200,000
Columbium, Ferro	LB Cb	400,000
Columbium Metal Ingots	LB Cb	20,000
Diamond, Bort	ct	65,000
Diamond Dies	PC	25,473
Diamond Stone	ct	600,000 1/
Fluorspar, Acid Grade	SDT	120,000
Fluorspar, Metallurgical Grade	SDT	50,000
Germanium	KG	8,000
Graphite	ST	3,760
Indium	Tr Oz	14,248

**TABLE 1 (Continued)****FISCAL YEAR 1999****REVISED ANNUAL MATERIAL PLAN (AMP)**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>
Iodine	LB	1,000,000
Jewel Bearings	PC	52,000,000
Kyanite	SDT	150
Lead	ST	60,000
Manganese, Battery Grade, Natural	SDT	30,000
Manganese, Battery Grade, Synthetic	SDT	3,011
Manganese, Chemical Grade	SDT	40,000
Manganese, Ferro	ST	50,000
Manganese, Metal, Electrolytic	ST	2,000
Manganese, Metallurgical Grade	SDT	250,000
Mercury	FL	20,000 2/
Mica, All	LB	2,260,000
Nickel	ST	4,200
Palladium	Tr Oz	150,000 1/
Platinum	Tr Oz	100,000 1/
Platinum - Iridium	Tr Oz	4,450
Quinidine	OZ	750,000
Quinine	OZ	750,000
Rubber	LT	0
Sebacic Acid	LB	400,000
Silicon Carbide	ST	9,000
Silver (Coins)	Tr Oz	10,000,000
Talc	ST	1,000
Tantalum Carbide Powder	LB Ta	4,000
Tantalum Metal Ingots	LB Ta	25,000 1/
Tantalum Metal Powder	LB Ta	25,000 1/
Tantalum Minerals	LB Ta	200,000
Tantalum Oxide	LB Ta	20,000
Thorium	LB	1,000,000 3/
Tin	MT	12,000

**TABLE 1 (Continued)****FISCAL YEAR 1999****REVISED ANNUAL MATERIAL PLAN (AMP)**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>
Titanium Sponge	ST	5,000
Tungsten Carbide Powder	LB W	1,000,000
Tungsten Ferro	LB W	300,000
Tungsten Metal Powder	LB W	150,000
Tungsten Ores & Concentrates	LB W	3,000,000
VTE, Chestnut	LT	3,000 4/
VTE, Quebracho	LT	10,000
VTE, Wattle	LT	7,500 4/
Zinc	ST	50,000

1/ One year limitation on disposal quantity established by P.L. 105-262, the Department of Defense Appropriation Act, 1999, for first \$100,000,000 of fiscal year 1999 receipts. Sales may exceed these quantities to generate receipts up to the \$5,000,000 balance of the total of \$105,000,000 of fiscal year 1999 receipts authorized by P.L. 105-261, the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999.

2/ Sales have been suspended at the request of the Environmental Protection Agency.

3/ The radioactive nature of this material may restrict sales or disposal options. Efforts are underway to determine the environmentally and economically optimal method to dispose of the material.

4/ Actual quantity will be limited to remaining sales authority or inventory.

**TABLE 2**  
**FISCAL YEAR 2000**  
**REVISED ANNUAL MATERIAL PLAN (AMP)**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>	<b>Revised Quantity</b>
Aluminum Oxide, Abrasive	ST	6,000	
Aluminum Oxide, Fused Crude	ST	65,000	
Analgesics	AMA LB	40,000	1/
Antimony	ST	5,000	
Asbestos (all types)	ST	20,000	
Bauxite, Metallurgical Jamaican	LDT	2,000,000	
Bauxite, Refractory	LCT	29,000	1/
Bauxite, Metallurgical Surinam	LDT	1,500,000	
Beryl Ore	ST	2,000	
Beryllium Metal	ST	40	
Beryllium Copper Master Alloy	ST	1,250	
Cadmium	LB	1,200,000	
Celestite	SDT	3,600	
Chromite, Chemical	SDT	100,000	1/
Chromite, Metallurgical	SDT	250,000	1/
Chromite, Refractory	SDT	100,000	
Chromium, Ferro	ST	150,000	
Cobalt	LB Co	6,000,000	
Columbium Carbide Powder	LB Cb	21,500	1/
Columbium Concentrates	LB Cb	200,000	
Columbium, Ferro	LB Cb	400,000	
Columbium Metal Ingots	LB Cb	20,000	
Diamond, Bort	ct	65,000	1/
Diamond Dies	PC	25,473	1/
Diamond Stone	ct	1,000,000	
Fluorspar, Acid Grade	SDT	100,000	1/
Fluorspar, Metallurgical Grade	SDT	50,000	
Germanium	Kg	8,000	
Graphite	ST	3,760	
Indium	Tr Oz	14,248	1/
Iodine	LB	1,000,000	
Jewel Bearings	PC	52,000,000	
Kyanite	SDT	150	1/
Lead	ST	60,000	

**TABLE 2 (Continued)****FISCAL YEAR 2000****REVISED ANNUAL MATERIAL PLAN (AMP)**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>	<b>Revised Quantity</b>
Manganese, Battery Grade, Natural	SDT	30,000	
Manganese, Battery Grade, Synthetic	SDT	3,011	1/
Manganese, Chemical Grade	SDT	40,000	
Manganese, Ferro	ST	50,000	
Manganese, Metal, Electrolytic	ST	2,000	
Manganese, Metallurgical Grade	SDT	250,000	
Mercury	FL	20,000	2/
Mica, All	LB	2,260,000	
Nickel	ST	4,200	1/
Palladium	TrOz	200,000	
Platinum	Tr Oz	125,000	
Platinum – Iridium	Tr Oz	4,450	1/
Quinidine	OZ	750,000	
Quinine	OZ	750,000	
Rubber	LT	0	
Sebacic Acid	LB	400,000	
Silicon Carbide	ST	9,000	1/
Silver (Coins)	Tr Oz	10,000,000	
Talc	ST	1,000	
Tantalum Carbide Powder	LB Ta	4,000	
Tantalum Metal Ingots	LB Ta	40,000	
Tantalum Metal Powder	LB Ta	50,000	
Tantalum Minerals	LB Ta	200,000	
Tantalum Oxide	LB Ta	20,000	
Thorium	LB	1,000,000	3/ 6,494,891
Tin	MT	12,000	
Titanium Sponge	ST	5,000	
Tungsten Carbide Powder	LB W	1,000,000	1/
Tungsten Ferro	LB W	300,000	
Tungsten Metal Powder	LB W	150,000	
Tungsten Ores & Concentrates	LB W	3,000,000	
VTE, Chestnut	LT	3,000	1/
VTE, Quebracho	LT	10,000	16,000
VTE, Wattle	LT	7,500	1/
Zinc	ST	50,000	



**TABLE 2 (Continued)****FISCAL YEAR 2000****REVISED ANNUAL MATERIAL PLAN (AMP)**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>	<b>Revised Quantity</b>
Zirconium Ore	SDT	0	17,383

1/ Actual quantity will be limited to remaining sales authority or inventory.

2/ Sales were suspended in 1994. DNSC is preparing an Environmental Impact Statement.

3/ The radioactive nature of this material may restrict sales or disposal options. Efforts are underway to determine the environmentally and economically optimal method to dispose of the material.

**Table 3****FISCAL YEAR 1999 SALES****NATIONAL DEFENSE STOCKPILE CENTER**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>	<b>Value</b>
<b>Principal Sales Program Transaction Fund Account /1</b>			
Aluminum Oxide Abrasive Grain	ST	2,991	\$ 1,025,922.50
Aluminum Oxide Fused Crude	ST	65,000	9,032,764.00
Antimony	ST	5,017	4,747,399.67
Asbestos, Chrysotile	ST	5,754	385,388.27
Bauxite Met Grade, Jamaican	LDT	1,330,658	9,724,219.30
Bauxite Met Grade, Surinam	LDT	1,500,000	8,580,881.10
Beryl Ore	ST	2,000	158,000.00
Beryllium Copper Master Alloy	ST	1,249	6,317,209.05
Cadmium	LB	1,200,000	162,475.86
Chromite, Metallurgical Ore	SDT	191,773	2,020,889.72
Chromium, Ferro Low Carbon	ST	2,663	768,478.88
Diamond Bort	ct	62,567	335,544.92
Diamond Dies	PC	9,053	149,794.94
Fluorspar, Acid	SDT	82,966	6,621,698.40
Fluorspar, Metallurgical Ore	SDT	49,734	1,106,098.30
Graphite Malagasy Crystal. Fines	ST	1,196	85,521.61
Graphite Malagasy Crystal. Flakes	ST	2,446	191,830.41
Graphite Other Than Ceylon & Malagasy	ST	86	20,297.80
Iodine	LB	224,412	1,648,453.60
Lead	ST	60,002	29,257,095.91
Manganese Chemical	ST	3,500	253,500.00
Manganese Electrolytic	ST	1,095	1,703,241.84
Manganese Ferro High Carbon	ST	50,000	12,471,297.63
Manganese Met. Ore	SDT	50,272	1,831,857.96
Manganese Nat. Battery Grade	SDT	4,400	276,825.00
Mica Muscovite Block	LB	977,352	484,174.72
Mica Muscovite Film	LB	19,087	2,275.98
Mica Muscovite Splittings	LB	698,277	100,570.09
Mica Phlogophite Splitting	LB	64,364	13,485.38
Morphine	AMA LB	10,402	2,339,819.74
Nickel	ST	2,188	9,262,888.14
Quinidine	Av Oz	33,523	11,733.06
Quinine	Av Oz	754,984	530,536.33
Sebacic Acid	LB	400,000	353,856.90

**Table 3 (Continued)****FISCAL YEAR 1999 SALES****NATIONAL DEFENSE STOCKPILE CENTER**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>	<b>Value</b>
Silicon Carbide	ST	4,620	1,659,400.00
Silver	Tr Oz	8,911,682	33,383,585.39
Talc - Block And Lump	ST	2	540.00
Tin	MT	12,000	65,694,903.05
Titanium-Sponge	ST	433	1,681,250.00
Vegetable Tannin, Chestnut	LT	2,219	539,031.57
Vegetable Tannin, Quebracho	LT	2,939	552,160.49
Vegetable Tannin, Wattle	LT	1,564	311,240.36
Zinc	ST	15,550	14,602,933.71
<b>Subtotal: Transaction Fund</b>			<b>\$ 230,401,071.58</b>
<b>FMS Sales Program Treasury Account /2</b>			
Cobalt	LB Co	4,326,607	\$ 61,727,296.48
Columbium, Ferro	LB Cb	186,086	1,169,328.52
Germanium Metal	KG	1,767	2,199,581.00
Tantalum Carbide Powder	LB Ta	2,117	137,641.50
Tantalum Minerals	LB Ta	97,676	5,390,944.68
<b>Subtotal: Treasury Account</b>			<b>\$ 70,624,792.18</b>
<b>(Foreign Military Sales Surcharge Offset Program PL 104-201)</b>			
<b>HHS &amp; TGF Sales Program Treasury Account /3</b>			
Bauxite Refractory	LCT	28,332	\$ 2,667,622.68
Beryllium Metal	ST	20	2,420,704.90
Chromium - Ferro High Carbon	ST	22,337	9,524,217.59
Columbium Concentrates *	LB Cb	183,173	0.00
Columbium Metal Ingots	LB Cb	20,000	474,143.44
Columbium, Ferro	LB Cb	207,303	1,259,028.74
Diamond Stones	ct	599,147	20,665,921.23
Germanium Metal	KG	3,087	3,516,775.00
Graphite Nat. Ceylon & Amor. (Lump)	ST	39	7,800.00
Indium Metal	Tr Oz	14,248	91,231.91
Mica Phlogopite Block	LB	12,803	2,637.10
Platinum	Tr Oz	100,071	34,996,203.84

**Table 3 (Continued)**

**FISCAL YEAR 1999 SALES**

**NATIONAL DEFENSE STOCKPILE CENTER**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>	<b>Value</b>
Platinum - Iridium	Tr Oz	4,380	1,695,342.04
Platinum - Palladium	Tr Oz	150,083	49,295,784.00
Tantalum Carbide Powder	LB Ta	2,111	122,625.00
Tantalum Metal Ingots	LB Ta	25,667	2,225,240.48
Tantalum Metal Powder	LB Ta	24,896	1,850,202.66
Tantalum Minerals	LB Ta	93,479	5,650,080.01
Tantalum Oxide	LB Ta	20,480	1,225,490.00
Tungsten Ores & Concentrates	LB W	2,980,140	6,644,507.17
Tungsten Carbide Powder	LB W	245,701	373,337.40
Tungsten Ferro	LB W	200,068	505,412.49
Tungsten Metal Powder	LB W	80,117	136,271.25

**Subtotal: Treasury Account** **\$145,350,578.93**  
**(Health & Human Services & Treasury General Fund PL 105-261)**

**Total Sales** **\$446,376,442.69**

\* No value obtained as this material was contained within the Tantalum minerals.

1. The *Principal Sales Program Transaction Fund Account* consists of all commodities authorized for sale that are not specifically earmarked for any particular revenue goal. However, revenues from the Principal Program are used to fund NDS operations and management by the Defense Logistics Agency. Additionally, Congress annually authorizes transfers of \$50 million to each of the Army, Navy, and Air Force operation and maintenance accounts.

2. The *Foreign Military Sales (FMS) Program Treasury Account* authorizes the sale of specific quantities of 11 NDS commodities as offsets to fund the FMS program over a ten year period ending September 30, 2006.

3. The *Health and Human Services (HHS) and Treasury General Fund (TGF) Program Treasury Account* authorizes the transfer to the Department of Health and Human Services of revenues from the sale of specific quantities of 27 NDS commodities. Starting in Fiscal Year 1999 and extending for seven years, these revenues are to be used by HHS for the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Trust Fund. After specific fiscal year revenues are transferred to HHS, any remainder monies are transferred to the General Fund of the Treasury.

# III. FINANCIAL STATUS OF THE NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

## OVERVIEW

The Fiscal Year 1999 Transaction Fund financial status (Table 4) portrays the cash and obligations activity beginning October 1, 1996 through September 30, 1999. All proceeds from the sale of excess materials (reimbursements collected) are posted in the Transaction Fund. The table also depicts the cash flow to the United States Treasury (disbursements), net obligations (the difference between what is owed to the Fund minus what the Fund owes), and the remaining unobligated balance.

<b>Table 4</b> <b>FINANCIAL STATUS OF</b> <b>THE NATIONAL DEFENSE STOCKPILE TRANSACTION FUND</b> <b>October 1, 1996 to September 30, 1999</b> <b>(Millions of Dollars)</b>			
<b>Transaction</b>	<b>FY 97</b>	<b>FY 98</b>	<b>FY 99</b>
Beginning Treasury Cash Balance	\$290.7	\$519.8	\$684.6
Reimbursements Collected	514.9	503.9	449.3
Appropriations and Transfers			
Service Operations	(150.0)	(150.0)	(150.0)
Disbursements			
FMS/Treasury/HHS	(81.0)	(143.0)	(171.0)
DNSC Operations	<u>(54.8)</u>	<u>(46.1)</u>	<u>(70.9)</u>
Total Disbursements	(135.8)	(189.1)	(241.9)
Ending Treasury Cash Balance	\$519.8	\$684.6	\$743.9

Focusing on the Fiscal Year 1999 column, \$449.3 million represents reimbursements collected, including \$277.1 million from Fiscal Year 1999 sales. The remaining reimbursements collected are from prior year sales. Also, \$150.0 million were transferred to the operation and maintenance accounts of the Military Services as directed by the Fiscal Year 1999 Defense Appropriations Act. Lastly, \$241.9 million were disbursed, including \$66.0 million to the United States Treasury for the Foreign Military Sales surcharge offset program, \$102.0 million for Treasury and \$3.0 million for Health and Human Services. All data shown in Table 4 have been taken from the official accounting records as reported to the United States Treasury by the Defense Finance and Accounting Service.

This page was left blank intentionally.

## APPENDIX A

---

# STRATEGIC AND CRITICAL MATERIALS STOCK PILING ACT (50 U.S.C. 98 et seq.) As amended by: The Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (P.L. 105-261)

---

SEC. 1. This Act may be cited as the “Strategic and Critical Materials Stock Piling Act.”

### FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that the natural resources of the United States in certain strategic and critical materials are deficient or insufficiently developed to supply the military, industrial, and essential civilian needs of the United States for national defense.

(b) It is the purpose of this Act to provide for the acquisition and retention of stocks of certain strategic and critical materials and to encourage the conservation and development of sources of such materials within the United States and thereby to decrease and to preclude, when possible, a dangerous and costly dependence by the United States upon foreign sources for supplies of such materials in times of national emergency.

(c) The purpose of the National Defense Stockpile is to serve the interest of national defense only. The National Defense Stockpile is not to be used for economic or budgetary purposes.

### MATERIALS TO BE ACQUIRED: PRESIDENTIAL AUTHORITY AND GUIDELINES

SEC. 3. (a) Subject to subsection (c) of this section, the President shall determine from time to time (1) which materials are strategic and critical materials for the purposes of this Act, and (2) the quality and quantity of each such material to be acquired for the purposes of this Act and the form in which each such material shall be acquired and stored. Such materials when acquired, together with the other materials described in section 4 of this Act, shall constitute and be collectively known as the National Defense Stockpile (hereinafter in this Act referred to as the “stockpile”).

(b) The President shall make the determinations required to be made under subsection (a) on the basis of

the principles stated in section 2(c).

(c)(1) The quantity of any material to be stockpiled under this Act, as in effect on September 30, 1987, may be changed only as provided in this subsection or as otherwise provided by law enacted after December 4, 1987.

(2) The President shall notify Congress in writing of any change proposed to be made in the quantity of any material to be stockpiled. The President may make the change after the end of the 45-day period beginning on the date of the notification. The President shall include a full explanation and justification for the proposed change with the notification.

### MATERIALS CONSTITUTING THE NATIONAL DEFENSE STOCKPILE

SEC. 4. (a) The stockpile consists of the following materials:

(1) Materials acquired under this Act and contained in the national stockpile on July 29, 1979.

(2) Materials acquired under this Act after July 29, 1979.

(3) Materials in the supplemental stockpile established by section 1704(b) of the Agricultural Trade Development and Assistance Act of 1954 (as in effect from September 21, 1959, through December 31, 1966) on July 29, 1979.

(4) Materials acquired by the United States under the provisions of section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and transferred to the stockpile by the President pursuant to subsection (f) of such section.

(5) Materials transferred to the United States under section 663 of the Foreign Assistance Act of 1961 (22 U.S.C. 2423) that have been determined to be strategic and critical materials for the purposes of this Act and that are allocated by the President under subsection (b) of such section for stockpiling in the

stockpile.

(6) Materials acquired by the Commodity Credit Corporation and transferred to the stockpile under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)).

(7) Materials acquired by the Commodity Credit Corporation under paragraph (2) of section 103(a) of the Act entitled "An Act to provide for greater stability in agriculture; to augment the marketing and disposal of agricultural products; and for other purposes," approved August 28, 1954 (7 U.S.C. 1743(a)), and transferred to the stockpile under the third sentence of such section.

(8) Materials transferred to the stockpile by the President under paragraph (4) of section 103(a) of such Act of August 28, 1954.

(9) Materials transferred to the stockpile under subsection (b).

(10) Materials transferred to the stockpile under subsection (c).

(b) Notwithstanding any other provision of law, any material that (1) is under the control of any department or agency of the United States, (2) is determined by the head of such department or agency to be excess to its needs and responsibilities, and (3) is required for the stockpile shall be transferred to the stockpile. Any such transfer shall be made without reimbursement to such department or agency, but all costs required to effect such transfer shall be paid or reimbursed from funds appropriated to carry out this Act.

(c)(1) The Secretary of Energy, in consultation with the Secretary of Defense, shall transfer to the stockpile for disposal in accordance with this Act uncontaminated materials that are in the Department of Energy inventory of materials for the production of defense-related items, are excess to the requirements of the Department for that purpose, and are suitable for transfer to the stockpile and disposal through the stockpile.

(2) The Secretary of Defense shall determine whether materials are suitable for transfer to the stockpile under this subsection, are suitable for disposal through the stockpile, and are uncontaminated.

## **AUTHORITY FOR STOCKPILE OPERATIONS**

SEC. 5. (a)(1) Except for acquisitions made under the authority of paragraph (3) or (4) of section 6(a) of this Act, no funds may be obligated or appropriated for acquisition of any material under this Act unless funds

for such acquisition have been authorized by law. Funds appropriated for such acquisition (and for transportation and other incidental expenses related to such acquisition) shall remain available until expended, unless otherwise provided in appropriation Acts.

(2) If for any fiscal year the President proposes certain stockpile transactions in the annual materials plan submitted to Congress for that year under section 11(b) of this Act and after that plan is submitted the President proposes (or Congress requires) a significant change in any such transaction, or a significant transaction not included in such plan, no amount may be obligated or expended for such transaction during such year until the President has submitted a full statement of the proposed transaction to the appropriate committees of Congress and a period of 45 days has passed from the date of the receipt of such statement by such committees.

(b) Except for disposals made under the authority of paragraph (3), (4) or (5) of section 6(a) or under section 7(a) of this Act, no disposal may be made from the stockpile unless such disposal, including the quantity of the material to be disposed of, has been specifically authorized by law.

(c) There is authorized to be appropriated such sums as may be necessary to provide for the transportation, processing, refining, storage, security, maintenance, rotation, and disposal of materials contained in or acquired for the stockpile. Funds appropriated for such purposes shall remain available to carry out the purposes for which appropriated for a period of two fiscal years, if so provided in appropriation Acts.

## **STOCKPILE MANAGEMENT**

SEC. 6. (a) The President shall —

(1) acquire the materials determined under section 3(a) to be strategic and critical materials;

(2) provide for the proper storage, security, and maintenance of materials in the stockpile;

(3) provide for the upgrading, refining or processing of any material in the stockpile (notwithstanding any intermediate stockpile quantity established for such material) when necessary to convert such material into a form more suitable for storage, subsequent disposition, and immediate use in a national emergency;

(4) provide for the rotation of any material in the stockpile when necessary to prevent deterioration or technological obsolescence of such material by



replacement of such material with an equivalent quantity of substantially the same material or better material;

(5) subject to the notification required by subsection (d)(2) of this section, provide for the timely disposal of materials in the stockpile that (A) are excess to stockpile requirements, and (B) may cause a loss to the Government if allowed to deteriorate; and

(6) subject to the provisions of section 5(b), dispose of materials in the stockpile the disposal of which is specifically authorized by law.

(b) Except as provided in subsections (c) and (d), acquisition of strategic and critical materials under this Act shall be made in accordance with established Federal procurement practices, and, except as provided in subsections (c) and (d) and in section 7(a), disposal of strategic and critical materials from the stockpile shall be made in accordance with the next sentence. To the maximum extent feasible—

(1) competitive procedures shall be used in the acquisition and disposal of such materials; and

(2) efforts shall be made in the acquisition and disposal of such materials to avoid undue disruption of the usual markets of producers, processors, and consumers of such materials and to protect the United States against avoidable loss.

(c)(1) The President shall encourage the use of barter in the acquisition under subsection (a)(1) of this section of strategic and critical materials for, and the disposal under subsection (a)(5) or (a)(6) of this section of materials from, the stockpile when acquisition or disposal by barter is authorized by law and is practical and in the best interest of the United States.

(2) Materials in the stockpile (the disposition of which is authorized by paragraph (3) to finance the upgrading, refining, or processing of a material in the stockpile, or is otherwise authorized by law) shall be available for transfer at fair market value as payment for expenses (including transportation and other incidental expenses) of acquisition of materials, or of upgrading, refining, processing, or rotating materials, under this Act.

(3) Notwithstanding section 3(c) of this Act or any other provision of law, whenever the President provides under subsection (a)(3) of this section for the upgrading, refining, or processing of a material in the stockpile to convert that material into a form more suitable for storage, subsequent disposition, and immediate use in a national emergency, the President may barter a portion of the same material (or any other

material in the stockpile that is authorized for disposal) to finance that upgrading, refining, or processing.

(4) To the extent otherwise authorized by law, property owned by the United States may be bartered for materials needed for the stockpile.

(d)(1) The President may waive the applicability of any provision of the first sentence of subsection (b) to any acquisition of material for, or disposal of material from, the stockpile. Whenever the President waives any such provision with respect to any such acquisition or disposal, or whenever the President determines that the application of paragraph (1) or (2) of such subsection to a particular acquisition or disposal is not feasible, the President shall notify the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives in writing of the proposed acquisition or disposal at least 45 days before any obligation of the United States is incurred in connection with such acquisition or disposal and shall include in such notification the reasons for not complying with any provision of such subsection.

(2) Materials in the stockpile may be disposed of under subsection (a)(5) of this section only if such congressional committees are notified in writing of the proposed disposal at least 45 days before any obligation of the United States is incurred in connection with such disposal.

(3) The President may acquire leasehold interests in property, for periods not in excess of twenty years, for storage, security, and maintenance of materials in the stockpile.

## **SPECIAL DISPOSAL AUTHORITY OF THE PRESIDENT**

SEC. 7. (a) Materials in the stockpile may be released for use, sale, or other disposition —

(1) on the order of the President, at any time the President determines the release of such materials is required for purposes of the national defense; and

(2) in time of war declared by the Congress or during a national emergency, on the order of any officer or employee of the United States designated by the President to have authority to issue disposal orders under this subsection, if such officer or employee determines that the release of such materials is required for purposes of the national defense.

(b) Any order issued under subsection (a) shall be promptly reported by the President, or by the officer or employee issuing such order, in writing, to the Committee on Armed Services of the Senate and the

Committee on National Security of the House of Representatives.

## **MATERIALS DEVELOPMENT AND RESEARCH**

SEC. 8. (a)(1) The President shall make scientific, technologic, and economic investigations concerning the development, mining, preparation, treatment, and utilization of ores and other mineral substances that (A) are found in the United States, or in its territories or possessions, (B) are essential to the national defense, industrial, and essential civilian needs of the United States, and (C) are found in known domestic sources in inadequate quantities or grades.

(2) Such investigations shall be carried out in order to —

(A) determine and develop new domestic sources of supply of such ores and mineral substances;

(B) devise new methods for the treatment and utilization of lower grade reserves of such ores and mineral substances; and

(C) develop substitutes for such essential ores and mineral products.

(3) Investigations under paragraph (1) may be carried out on public lands and, with the consent of the owner, on privately owned lands for the purpose of exploring and determining the extent and quality of deposits of such minerals, the most suitable methods of mining and beneficiating such minerals, and the cost at which the minerals or metals may be produced.

(b) The President shall make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 3(a) of this Act to be a strategic and critical material or substitutes therefore.

(c) The President shall make scientific, technologic, and economic investigations concerning the feasibility of —

(1) developing domestic sources of supply of materials (other than materials referred to in subsections (a) and (b)) determined pursuant to section 3(a) to be strategic and critical materials; and

(2) developing or using alternative methods for the refining or processing of a material in the stockpile so as to convert such material into a form more suitable for use during an emergency or for storage.

(d) The President shall encourage the conservation of domestic sources of any material determined pursuant to section 3(a) to be a strategic and critical material by making grants or awarding contracts for research regarding the development of:

(1) substitutes for such material; or

(2) more efficient methods of production or use of such material.

## **NATIONAL DEFENSE STOCKPILE TRANSACTION FUND**

SEC. 9. (a) There is established in the Treasury of the United States a separate fund to be known as the National Defense Stockpile Transaction Fund (hereinafter in this section referred to as the “fund”).

(b)(1) All moneys received from the sale of materials in the stockpile under paragraphs (5) and (6) of section 6(a) shall be covered into the fund.

(2) Subject to section 5(a)(1), moneys covered into the fund under paragraph (1) are hereby made available (subject to such limitations as may be provided in appropriations Acts) for the following purposes:

(A) The acquisition, maintenance, and disposal of strategic and critical materials under section 6(a).

(B) Transportation, storage, and other incidental expenses related to such acquisition, maintenance, and disposal.

(C) Development of current specifications of stockpile materials and the upgrading of existing stockpile materials to meet current specifications (including transportation, when economical, related to such upgrading).

(D) Testing and quality studies of stockpile materials.

(E) Studying future material and mobilization requirements for the stockpile.

(F) Activities authorized under section 15 of this Act.

(G) Contracting under competitive procedures for materials development and research to —

(i) improve the quality and availability of materials stockpiled from time to time in the stockpile; and

(ii) develop new materials for the stockpile.

(H) Improvement or rehabilitation of facilities,

structures, and infrastructure needed to maintain the integrity of stockpile materials.

(I) Disposal of hazardous materials that are stored in the stockpile and authorized for disposal by law.

(J) Performance of environmental remediation, restoration, waste management, or compliance activities at locations of the stockpile that are required under a Federal law or are undertaken by the Government under an administrative decision or negotiated agreement.

(K) Pay of employees of the National Defense Stockpile program.

(L) Other expenses of the National Defense Stockpile program.

(3) Moneys in the fund shall remain available until expended.

(c) All moneys received from the sale of materials being rotated under the provisions of section 6(a)(4) or disposed of under section 7(a) shall be covered into the fund and shall be available only for the acquisition of replacement materials.

(d) If, during a fiscal year, the National Defense Stockpile Manager barter materials in the stockpile for the purpose of acquiring, upgrading, refining, or processing other materials (or for services directly related to that purpose), the contract value of the materials so bartered shall —

(1) be applied toward the total value of materials that are authorized to be disposed of from the stockpile during that fiscal year;

(2) be treated as an acquisition for purposes of satisfying any requirement imposed on the National Defense Stockpile Manager to enter into obligations during that fiscal year under subsection (b)(2) of this section; and

(3) not increase or decrease the balance in the fund.

## **ADVISORY COMMITTEES**

SEC. 10. (a) The President may appoint advisory committees composed of individuals with expertise relating to materials in the stockpile or with expertise in stockpile management to advise the President with respect to the acquisition, transportation, processing, refining, storage, security, maintenance, rotation, and disposal of such materials under this Act.

(b) Each member of an advisory committee established under subsection (a) while serving on the business of the advisory committee away from such

member's home or regular place of business shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons intermittently employed in the Government service.

(c)(1) The President shall appoint a Market Impact Committee composed of representatives from the Department of Agriculture, the Department of Commerce, the Department of Defense, the Department of Energy, the Department of the Interior, the Department of State, the Department of the Treasury, and the Federal Emergency Management Agency, and such other persons as the President considers appropriate. The representatives from the Department of Commerce and the Department of State shall be Cochairmen of the Committee.

(2) The Committee shall advise the National Defense Stockpile Manager on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile that are proposed to be included in the annual materials plan submitted to Congress under section 11(b) of this Act, or in any revision of such plan, and shall submit to the manager the Committee's recommendations regarding those acquisitions and disposals.

(3) The annual materials plan or the revision of such plan, as the case may be, shall contain—

(A) the views of the Committee on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile;

(B) the recommendations submitted by the Committee under paragraph (2); and

(C) for each acquisition or disposal provided for in the plan or revision that is inconsistent with a recommendation of the Committee, a justification for the acquisition or disposal.

(4) In developing recommendations for the National Defense Stockpile Manager under paragraph (2), the Committee shall consult from time to time with representatives of producers, processors, and consumers of the types of materials stored in the stockpile.

## **REPORTS TO CONGRESS**

SEC. 11. (a) Not later than January 15 of each year, the President shall submit to the Congress an annual written report detailing operations under this Act. Each such report shall include —

(1) information with respect to foreign and domestic purchases of materials during the preceding

fiscal year;

(2) information with respect to the acquisition and disposal of materials under this Act by barter, as provided for in section 6(c) of this Act, during such fiscal year;

(3) information with respect to the activities by the Stockpile Manager to encourage the conservation, substitution, and development of strategic and critical materials within the United States;

(4) information with respect to the research and development activities conducted under sections 2 and 8 of this Act;

(5) a statement and explanation of the financial status of the National Defense Stockpile Transaction Fund and the anticipated appropriations to be made to the fund, and obligations to be made from the fund, during the current fiscal year; and

(6) such other pertinent information on the administration of this Act as will enable the Congress to evaluate the effectiveness of the program provided for under this Act and to determine the need for additional legislation.

(b)(1) Not later than February 15 of each year, the President shall submit to the appropriate committees of the Congress a report containing an annual materials plan for the operation of the stockpile during the next fiscal year and the succeeding four fiscal years.

(2) Each such report shall include details of all planned expenditures from the National Defense Stockpile Transaction Fund during such period (including expenditures to be made from appropriations from the general fund of the Treasury) and of anticipated receipts from proposed disposals of stockpile materials during such period. Each such report shall also contain details regarding the materials development and research projects to be conducted under section 9(b)(2)(G) of this Act during the fiscal years covered by the report. With respect to each development and research project, the report shall specify the amount planned to be expended from the fund, the material intended to be developed, the potential military or defense industrial applications for that material, and the development and research methodologies to be used.

(3) Any proposed expenditure or disposal detailed in the annual materials plan for any such fiscal year, and any expenditure or disposal proposed in connection with any transaction submitted for such fiscal year to the appropriate committees of Congress pursuant to section 5(a)(2) of this Act, that is not

obligated or executed in that fiscal year may not be obligated or executed until such proposed expenditure or disposal is resubmitted in a subsequent annual materials plan or is resubmitted to the appropriate committees of Congress in accordance with section 5(a)(2) of this Act, as appropriate.

## **DEFINITIONS**

SEC. 12. For the purposes of this Act:

(1) The term “strategic and critical materials” means materials that (A) would be needed to supply the military, industrial, and essential civilian needs of the United States during a national emergency, and (B) are not found or produced in the United States in sufficient quantities to meet such need.

(2) the term “national emergency” means a general declaration of emergency with respect to the national defense made by the President or by the Congress.

## **IMPORTATION OF STRATEGIC AND CRITICAL MATERIALS**

SEC. 13. The President may not prohibit or regulate the importation into the United States of any material determined to be strategic and critical pursuant to the provisions of this Act, if such material is the product of any foreign country or area not listed in general note 3(b) of the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202), for so long as the importation into the United States of material of that kind which is the product of a country or area listed in such general note is not prohibited by any provision of law.

## **BIENNIAL REPORT ON STOCKPILE REQUIREMENTS**

SEC. 14. (a) Not later than January 15 of every other year, the Secretary of Defense shall submit to Congress a report on stockpile requirements. Each such report shall include —

(1) the Secretary’s recommendations with respect to stockpile requirements; and

(2) the matters required under subsection (b).

(b) Each report under this section shall set forth the national emergency planning assumptions used by the Secretary in making the Secretary’s recommendations under subsection (a)(1) with respect to stockpile requirements. The Secretary shall base the national emergency planning assumptions on a military conflict scenario consistent with the scenario used by the Secretary in budgeting and defense planning purposes.

The assumptions to be set forth include assumptions relating to each of the following:

(1) The length and intensity of the assumed military conflict.

(2) The military force structure to be mobilized.

(3) The losses anticipated from enemy action.

(4) The military, industrial, and essential civilian requirements to support the national emergency.

(5) The availability of supplies of strategic and critical materials from foreign sources during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

(6) The domestic production of strategic and critical materials during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

(7) Civilian austerity measures required during the mobilization period and military conflict.

(c) The stockpile requirements shall be based on those strategic and critical materials necessary for the United States to replenish or replace, within three years of the end of the military conflict scenario required under subsection (b), all munitions, combat support items, and weapons systems that would be required after such a military conflict.

(d) The Secretary shall also include in each report under this section an examination of the effect that alternative mobilization periods under the military conflict scenario required under subsection (b), as well as a range of other military conflict scenarios addressing potentially more serious threats to national security, would have on the Secretary's recommendations under subsection (a)(1) with respect to stockpile requirements.

(e) The President shall submit with each report under this section a statement of the plans of the President for meeting the recommendations of the Secretary set forth in the report.

## **DEVELOPMENT OF DOMESTIC SOURCES**

SEC. 15. (a) Subject to subsection (c) and to the extent the President determines such action is required for the national defense, the President shall encourage the development of domestic sources for materials determined pursuant to section 3(a) to be strategic and critical materials —

(1) by purchasing, or making a commitment to purchase, strategic and critical materials of domestic origin when such materials are needed for the stockpile; and

(2) by contracting with domestic facilities, or making a commitment to contract with domestic facilities, for the processing or refining of strategic and critical materials in the stockpile when processing or refining is necessary to convert such materials into a form more suitable for storage and subsequent disposition.

(b) A contract or commitment made under subsection (a) may not exceed five years from the date of the contract or commitment. Such purchases and commitments to purchase may be made for such quantities and on such terms and conditions, including advance payments, as the President considers to be necessary.

(c)(1) Descriptions of proposed transactions under subsection (a) shall be included in the appropriate annual materials plan submitted to Congress under section 11(b). Changes to any such transaction or the addition of a transaction not included in such plan, shall be made in the manner provided by section 5(a)(2).

(2) The authority of the President to enter into obligations under this section is effective for any fiscal year only to the extent that funds in the National Defense Stockpile Transaction Fund are adequate to meet such obligations. Payments required to be as a result of obligations incurred under this section shall be made from amounts in the fund.

(d) The authority of the President under subsection (a) includes the authority to pay—

(1) the expenses of transporting materials, and

(2) other incidental expenses related to carrying out such subsection.

(e) The President shall include in the reports required under section 11(a) information with respect to activities conducted under this section.

## **NATIONAL DEFENSE STOCKPILE MANAGER**

SEC. 16. (a) The President shall designate a single Federal office to have responsibility for performing the functions of the President under this Act, other than under sections 7 and 13. The office designated shall be one to which appointment is made by the President, by and with the advice and consent of the Senate.

(b) The individual holding the office designated by

the President under subsection (a) shall be known for purposes of functions under this Act as the “National Defense Stockpile Manager.”

(c) The President may delegate functions of the President under this Act (other than under sections 7 and

13) only to the National Defense Stockpile Manager. Any such delegation made by the President shall remain in effect until specifically revoked by law or Executive order. The President may not delegate functions of the President under sections 7 and 13.

## United States Code Citations

Section 2	-	50 U.S.C. 98a
Section 3	-	50 U.S.C. 98b
Section 4	-	50 U.S.C. 98c
Section 5	-	50 U.S.C. 98d
Section 6	-	50 U.S.C. 98e
Section 7	-	50 U.S.C. 98f
Section 8	-	50 U.S.C. 98g

Section 9	-	50 U.S.C.98h
Section 10	-	50 U.S.C. 98h-1
Section 11	-	50 U.S.C. 98h-2
Section 12	-	50 U.S.C. 98h-3
Section 13	-	50 U.S.C. 98h-4
Section 14	-	50 U.S.C. 98h-5
Section 15	-	50 U.S.C.98h-6
Section 16	-	50 U.S.C. 98h-7

## APPENDIX B

---

### EXCERPTS FROM THE EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR FISCAL YEAR 1999 (P.L. 106-31; May 21, 1999)

---

#### Sec. 303.

(a) Disposal Authorized. - Subject to subsection (c), the President may dispose of the material in the National Defense Stockpile specified in the table in subsection (b).

(b) Table.- The total quantity of the material authorized for disposal by the President under subsection (a) is as follows:

#### Authorized Stockpile Disposal

Material for Disposal	Quantity
Zirconium ore	17,383 short dry tons

(c) Minimization of Disruption and Loss.--The President may not dispose of material under subsection (a) to the extent that the disposal will result in-

(1) undue disruption of the usual markets of producers, processors, and consumers of the material proposed for disposal; or

(2) avoidable loss to the United States.

(d) Relationship to Other Disposal Authority.-- in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the material specified in such subsection.

(e) National Defense Stockpile Defined.--In this section, the term "National Defense Stockpile Transaction Fund" means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

# **EXCERPTS FROM THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2000 (P.L. 106-65; October 5, 1999)**

## **SEC. 304. TRANSFER FROM NATIONAL DEFENSE STOCKPILE TRANSACTION FUND.**

(a) Transfer Authority - To the extent provided in appropriations Acts, not more than \$150,000,000 is authorized to be transferred from the National Defense Stockpile Transaction Fund to operation and maintenance accounts for fiscal year 2000 in amounts as follows:

- (1) For the Army, \$50,000,000.
- (2) For the Navy, \$50,000,000.
- (3) For the Air Force, \$50,000,000.

### **(b) Treatment of Transfers.--**

Amounts transferred under this section -

(1) Shall be merged with, and be available for the same purposes and the same period as, the amounts in the accounts to which transferred; and

(2) may not be expended for an item that has been denied authorization of appropriations by Congress.

(c) Relationship to Other Transfer Authority. -- The transfer authority provided in this section is in addition to the transfer authority provided in section 1001.

## **TITLE XXXIV--NATIONAL DEFENSE STOCKPILE**

### **SEC. 3401. AUTHORIZED USES OF STOCKPILE FUNDS.**

(a) Obligation of Stockpile Funds. -- During fiscal year 2000, the National Defense Stockpile Manager may obligate up to \$78,700,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal

of hazardous materials that are environmentally sensitive.

(b) Additional Obligations. -- The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations. -- The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

### **SEC. 3402. DISPOSAL OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.**

(a) Disposal Required. -- Subject to subsection (c), the President shall make disposals from the National Defense Stockpile of materials in quantities as follows:

- (1) Beryllium metal, 250 short tons.
- (2) Chromium ferro alloy, 496,204 short tons.
- (3) Chromium metal, 5,000 short tons.
- (4) Palladium, 497,271 troy ounces.

(b) Management of Disposal to Achieve Objectives for Receipts. -- The President shall manage the disposal of materials under subsection (a) so as to result in receipts to the United States in amounts equal to -

- (1) \$10,000,000 during fiscal year 2000;
- (2) \$100,000,000 during the 5-fiscal year period ending September 30, 2004; and
- (3) \$300,000,000 during the 10-fiscal year period ending September 30, 2009.

(c) Minimization of Disruption and Loss.--The President may not dispose of the material under



subsection (a) to the extent that the disposal will result in -

(1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or

(2) avoidable loss to the United States.

(d) **Disposition of Receipts.**--Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials under subsection (a) shall be deposited into the general fund of the Treasury.

(e) **Relationship to Other Disposal Authority.**--The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the materials specified in such subsection.

(f) **Increased Receipts Under Prior Disposal Authority.** --

(1) Section 3303(a)(2) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2855; 50 U.S.C. 98d note) is amended by striking "\$612,000,000" and inserting "\$720,000,000".

(2) Section 3305(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 2057; 50 U.S.C. 98d note) is amended -

(A) in paragraph (2), by striking "\$30,000,000" and inserting "\$50,000,000";

(B) in paragraph (3), by striking "\$34,000,000" and inserting "\$64,000,000"; and

(C) in paragraph (4), by striking "\$34,000,000" and inserting "\$67,000,000".

(g) **Elimination of Disposal Restrictions on Earlier.**--Section 3303 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 629) is repealed.

## SEC. 3403. LIMITATIONS ON PREVIOUS

## AUTHORITY FOR DISPOSAL OF STOCKPILE MATERIALS.

(a) Public Law 105-261 Authority. - Section 3303(b) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 112 Stat. 2263; 50 U.S.C. 98d note) is amended -

(1) by striking "(b) LIMITATION ON DISPOSAL QUANTITY. - " and inserting "(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)"; and

(2) by adding at the end the following:

"(2) The President may not dispose of materials under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a).".

(b) Public Law 105-85 Authority.--Section 3305(b) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 2058; 50 U.S.C. 98d note) is amended--

(1) by striking "(b) LIMITATION ON DISPOSAL QUANTITY. - " and inserting "(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)"; and

(2) by adding at the end the following:

"(2) The President may not dispose of cobalt under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a).".

(c) Public Law 104-201 Authority.--Section 3303(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2855; 50 U.S.C. 98d note) is amended -

(1) by striking "(b) LIMITATION ON DISPOSAL QUANTITY.--" and inserting "(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)"; and

(2) by adding at the end the following:

"(2) The President may not dispose of materials under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a).".

**EXCERPTS FROM THE  
DEPARTMENT OF DEFENSE APPROPRIATIONS  
ACT, 2000  
(P.L. 106-79; October 25, 1999)**

Title II authorizes \$150 million to be transferred from the National Defense Stockpile Transaction Fund to the	Operation and Maintenance Accounts of the Army, Navy, and Air Force (\$50 million each).
---	--

## APPENDIX C

### EXCERPTS FROM PRIOR LAWS AFFECTING THE NATIONAL DEFENSE STOCKPILE

Entries in **bold** and *Italic* are changed by Public Law 106-65

### EXCERPTS FROM THE STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999 (P.L. 105-261; October 17, 1998)

#### SEC. 3303. AUTHORITY TO DISPOSE OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE

Disposal Required—Subject to subsection (c), the President shall dispose of materials contained in the national Defense Stockpile and specified in the table in subsection (b) so as to result in receipts to the United States in the amount of –

\$105,000,000 by the end of fiscal year 1999;

\$460,000,000 by the end of fiscal year 2002;

\$555,000,000 by the end of fiscal year 2003; and

\$590,000,000 by the end of fiscal year 2005.

***Limitation on Disposal Authority.***—(1) The total quantities of materials authorized for disposal by the President under subsection (a) may not exceed the amounts set forth in the following table: (2) ***The President may not dispose of materials under this section in excess of the disposal necessary to result in receipts in the amount specified in subsection (a).***

<u>Material for Disposal</u>	<u>Quantity</u>
Bauxite Refractory	29,000 LCT
Beryllium Metal	100 ST
Chromite Chemical	34,000 SDT
Chromite Refractory	159,000 SDT
Chromium Ferroalloy	125,000 ST
Columbium Carbide Powder	21,372 LB Cb
Columbium Concentrates	1,733,454 LB Cb

Columbium Ferro	249,396 LB Cb
Columbium Metal Ingots	161,123 LB Cb
Diamond, Stones	3,000,000 ct
Germanium Metal	128,198 KG
Graphite Natural Ceylon Lump	5,492 ST
Indium	14,248 Tr Oz
Mica Muscovite Block	301,000 LB
Mica Phlogopite Bloc	130,745 LB
Platinum	439,887 Tr Oz
Platinum—Iridium	4,450 Tr Oz
Platinum—Palladium	750,000 Tr Oz
Tantalum Carbide Powder	22,688 LB Ta
Tantalum Metal Ingots	125,000 LB Ta
Tantalum Metal Powder	125,000 LB Ta
Tantalum Minerals	1,751,364 LB Ta
Tantalum Oxide	122,730 LB Ta
Tungsten Carbide Powder	2,032,896 LB W
Tungsten Ferro	2,024,143 LB W
Tungsten Metal Powder	1,898,009 LB W
Tungsten Ores & Concentrates	76,358,235 LB W

Minimization of Disruption and Loss.—The President may not dispose of materials under subsection (a) to the extent that the disposal will result in—

undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or avoidable loss to the United States.

Treatment of Receipts.—Notwithstanding section 9 of the Strategic and Critical materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials authorized for disposal under subsection (a) shall be treated as follows:

The following amounts shall be transferred to the Secretary of Health and Human Services, to be credited in the manner determined by the Secretary of Health and Human Services, to be credited in the manner determined by the Secretary to the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund:

\$3,000,000 during FY 1999

\$22,000,000 during FY 2000

\$28,000,000 during FY 2001

\$31,000,000 during FY 2002

\$8,000,000 during FY 2003

(2) The balance of the funds received shall be deposited into the general fund of the Treasury.

(e) Relationship to Other Disposal Authority.—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials specified in such subsection.

(f) Authorization of Sale.—The authority provided by this section to dispose of materials contained in the National Defense Stockpile so as to result in receipts of \$100,000,000 of the amount specified for fiscal year 1999 in subsection (a) by the end of that fiscal year shall be effective only to the extent provided in advance in appropriation Acts.

#### **SEC. 3304. USE OF STOCKPILE FUNDS FOR CERTAIN ENVIRONMENTAL REMEDIATION, RESTORATION, WASTE MANAGEMENT, AND COMPLIANCE ACTIVITIES.**

Section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)) is amended—

(1) by redesignating subparagraphs (J) and (K) as subparagraphs (K) and (L) respectively; and

(2) by inserting after subparagraph (I) the following new subparagraph (J):

“(J) Performance of environmental remediation, restoration, waste management, or compliance activities at locations of the stockpile that are required under a Federal law or are undertaken by the government under an administrative decision or negotiated agreement.”.

# NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998 (P.L. 105-85; November 18, 1997)

## SEC. 3303. DISPOSAL OF BERYLLIUM COPPER MASTER ALLOY IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Authorization.—Pursuant to section 5(b) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98d(b)), the National Defense Stockpile Manager may dispose of all beryllium copper master alloy from the National Defense Stockpile as part of continued efforts to modernize the stockpile.

(b) Precondition for Disposal.—Before beginning the disposal of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager shall certify to Congress that the disposal of beryllium copper master alloy will not adversely affect the capability of the National Defense Stockpile to supply the strategic and critical material needs of the United States.

(c) Consultation With Market Impact Committee.—In disposing of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager shall consult with the Market Impact Committee to ensure that the disposal of beryllium copper master alloy does not disrupt the domestic beryllium industry.

(d) Extended Sales Contracts.—The National Defense Stockpile Manager shall provide for the use of long-term sales contracts for the disposal of beryllium copper master alloy under subsection (a) so that the domestic beryllium industry can re-absorb this material into the market in a gradual and nondisruptive manner. However, no such contract shall provide for the disposal of beryllium copper master alloy over a period longer than eight years, beginning on the date of the commencement of the first contract under this section.

(e) Relationship to Other Disposal Authority.—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

(f) Beryllium Copper Master Alloy Defined.—For purposes of this section, the term "beryllium copper master alloy" means an alloy of nominally four percent beryllium in copper.

## SEC. 3304. DISPOSAL OF TITANIUM SPONGE IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Required.—Subject to subsection (b), the National Defense Stockpile Manager shall dispose of 34,800 short tons of titanium sponge contained in the National Defense Stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c) and excess to stockpile requirements.

(b) Consultation With Market Impact Committee.—In disposing of titanium sponge under subsection (a), the National Defense Stockpile Manager shall consult with the Market Impact Committee to ensure that the disposal of titanium sponge does not disrupt the domestic titanium industry.

(c) Relationship to Other Disposal Authority. The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

## SEC. 3305. DISPOSAL OF COBALT IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Required. Subject to subsections (b) and (c), the President shall dispose of cobalt contained in the National Defense Stockpile so as to result in receipts to the United States in amounts equal to—

- (1) \$20,000,000 during fiscal year 2003;
- (2) ***\$50,000,000*** during fiscal year 2004;
- (3) ***\$64,000,000*** during fiscal year 2005;
- (4) ***\$76,000,000*** during fiscal year 2006; and
- (5) \$34,000,000 during fiscal year 2007.

(b) ***Limitation on Disposal Authority.***—(1) The total quantity of cobalt authorized for disposal by the President under subsection (a) may not exceed 14,058,014 pounds. (2) ***The President may not dispose of materials under this section in excess of the disposal necessary to result in receipts in the amount specified in subsection (a).***

(c) Minimization of Disruption and Loss. The President may not dispose of cobalt under subsection (a) to the extent that the disposal will result in—

(1) undue disruption of the usual markets of producers, processors, and consumers of cobalt; or

(2) avoidable loss to the United States.

(d) Treatment of Receipts. Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of cobalt under subsection (a) shall be deposited into the general fund of the Treasury.

(e) Relationship to Other Disposal Authority. The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

### **SEC. 3307. RETURN OF SURPLUS PLATINUM FROM THE DEPARTMENT OF THE TREASURY.**

(a) Return of Platinum to Stockpile. Subject to subsection (b), the Secretary of the Treasury, upon the request of the Secretary of Defense, shall return to the Secretary of Defense for sale or other disposition platinum of the National Defense Stockpile that has

been loaned to the Department of the Treasury by the Secretary of Defense, acting as the stockpile manager. The quantity requested and required to be returned shall be any quantity that the Secretary of Defense determines appropriate for sale or other disposition.

(b) Alternative Transfer of Funds. The Secretary of the Treasury, with the concurrence of the Secretary of Defense, may transfer to the Secretary of Defense funds in a total amount that is equal to the fair market value of any platinum requested under subsection (a) and not returned. A transfer of funds under this subsection shall be a substitute for a return of platinum under subsection (a). Upon a transfer of funds as a substitute for a return of platinum, the platinum shall cease to be part of the National Defense Stockpile. A transfer of funds under this subsection shall be charged to any appropriation for the Department of the Treasury and shall be credited to the National Defense Stockpile Transaction Fund.

(c) Responsibility for Costs. The return of platinum under subsection (a) by the Secretary of the Treasury shall be made without the expenditure of any funds available to the Department of Defense. The Secretary of the Treasury shall be responsible for all costs incurred in connection with the return, such as transportation, storage, testing, refining, or casting costs.

# **The National Defense Authorization Act for Fiscal year 1996 (P. L. 104-106)**

## **SEC 3303. DISPOSAL OF CHROMITE AND MANGANESE ORES AND CHROMIUM FERRO AND MANGANESE METAL ELECTROLYTIC**

*(Sec. 3303 is repealed by public law 106-31)*

Domestic Upgrading. In offering to enter into agreements pursuant to any provision of law for the disposal from the National Defense Stockpile of chromite and manganese ores or chromium ferro and manganese metal electrolytic, the President shall give a right of first refusal on all such offers to domestic ferroalloy upgraders.

Domestic Ferroalloy Upgrader Defined. For purposes of this section, the term “domestic ferroalloy upgrader” means a company or other business entity that, as determined by the President—

is engaged in operations to upgrade chromite or manganese ores of metallurgical grade or chromium ferro and manganese metal electrolytic; and

conducts a significant level of its research, development, engineering, and upgrading operations in the United States.

## **SEC. 3304. RESTRICTIONS ON DISPOSAL OF MANGANESE FERRO**

(a) Disposal of Lower Grade Material First. The

President may not dispose of high carbon

manganese ferro in the National Defense Stockpile that meets the National Defense Stockpile classification of Grade One, Specification 30(a), as revised on May 22, 1992, until completing the disposal of all manganese ferro in the National Defense Stockpile that does not meet such classification. The President may not reclassify manganese ferro in the National Defense Stockpile after the date of the enactment of this Act.

(b) Requirement for Remelting by Domestic Ferroalloy Producers. Manganese ferro in the National Defense Stockpile that does not meet the classification specified in subsection (a) may be sold only for remelting by a domestic ferroalloy producer unless the President determines that a domestic ferroalloy producer is not available to acquire the material.

## **SEC. 3305 TITANIUM INITIATIVE TO SUPPORT BATTLE TANK UPGRADE PROGRAM**

During each of the fiscal years 1996 through 2003, the Secretary of Defense shall transfer from stocks of the National Defense Stockpile up to 250 short tons of titanium sponge to the Secretary of the Army for use in the weight reduction portion of the main battle tank upgrade program. Transfers under this section shall be without charge to the Army, except that the Secretary of the Army shall pay all transportation and related costs incurred in connection with the transfer.

This page was left blank intentionally.



# APPENDIX D

---

## NATIONAL DEFENSE STOCKPILE INVENTORY

---

### STOCKPILE INVENTORY

The Stockpile inventory quantities shown in Table 5 of this appendix include both stockpile and non-stockpile grade materials. Although non-stockpile grade materials do not meet current purchase specifications for Stockpile materials, they may be credited towards the goals until they can be sold or upgraded.

Stockpile inventory quantities shown in Table 5 do not include quantities of materials that have been sold but have not yet been shipped from Stockpile depots. Table 6 lists quantities of materials that have been sold but not shipped as of the end of the fiscal year. Inventory quantities include material that is on consignment and on loan as indicated below. Inventory quantities of six materials—diamond dies, diamond bort, fluorspar acid grade, indium, nickel, silicon carbide—were depleted by sales during this reporting period.

Stockpile materials on consignment and loan are as follows:

Silver consignment to the U.S. Mint - 5,048,178 fine Tr Oz.

Iodine on loan to University of Pennsylvania - 126,537 pounds.

Platinum on loan to the U.S. Mint - 199,935 Tr Oz.

Platinum on loan to Lawrence Livermore National Laboratory - 20,880 troy ounces.

The platinum on loan is to be returned on demand of the Stockpile Manager. The U.S. Mint may, at their option, pay the market price for the platinum in lieu of return.

Inventory values are based on September 30, 1999 prices at which comparable materials are being traded. In the absence of current trading data, market values are estimated. The market values are not necessarily the amount that would be realized if the materials were sold.

### STOCKPILE GOALS

The Stockpile goals shown in Table 5 have been reduced for those materials for which disposal was authorized in the National Defense Authorization Acts for Fiscal Years 1998, 1999 and 2000. For those materials or family groups the goals are derived by subtracting new legislative disposal authority from the lower of either the goal in effect or the inventory quantity on the date the new disposal was authorized by the Congress.

### FAMILY GROUPINGS OF MATERIALS

When the Stockpile contains more than one form of a primary material, the inventory group may include the different forms of the material. For example, the Tantalum Group includes contained pounds of tantalum in the form of metal, metal powder, carbide powder, oxide and minerals. While there is no longer a goal for the total Tantalum Group as a family, there are goals for the tantalum metal powder and tantalum metal.

**TABLE 5**  
**STOCKPILE GOALS AND INVENTORY STATUS**  
**FOLLOWING THE ENACTMENT OF PUBLIC LAW 106-65**  
**Inventory Quantities and Market Values as of September 30, 1999**  
**Goals effective 10/05/99 following the enactment of**  
**FY 2000 Authorization and Appropriation Acts**  
**(Millions of Dollars)**

Material	Unit	Goal	<u>Inventory Level</u>		<u>Inventory Status</u>	
			Quantity	Value (\$)	Excess	Deficit
1. Aluminum Oxide						
Aluminum Oxide, Abrasive Grain	ST		20,667	7.089	20,667	0
Aluminum Oxide, Fused, Crude	ST		61,575	10.889	61,575	0
2. Antimony	ST		15,270	18.504	15,270	0
3. Asbestos						
Amosite	ST		32,219	0.000	32,219	0
Chrysotile	ST		217	0.000	217	0
4. Bauxite						
Bauxite, Metal Grade, Jamaica Type	LDT		7,199,858	53.877	7,199,858	0
Bauxite, Metal Grade, Surinam Type	LDT		2,248,249	13.847	2,248,249	0
Bauxite, Refractory	LCT	40,000	43,801	3.460	3,801	0
5. Beryllium						
Beryl Ore (11%BeO)	ST		10,668	1.488	10,668	0
Beryllium Copper Master Alloy	ST		4,574	22.869	4,574	0
Beryllium Metal	ST	50	380	46.037	330	0
6. Cadmium	LB		2,665,151	0.690	2,665,151	0
7. Chromite, Refractory Grade	SDT		257,796	6.278	257,796	0
8. Chromium						
Chromite, Chemical Grade	SDT		178,642	4.119	178,642	0
Chromite, Metallurgical Grade	SDT		164,412	3.728	164,412	0
Chromium, Ferro Group	ST		1,067,787	628.146	1,067,787	0
Chromium, Ferro, High Carbon	ST		710,671	395.497	710,671	0
Chromium, Ferro, Low Carbon	ST		302,629	195.530	302,629	0
Chromium, Ferro, Silicon	ST		54,487	37.119	54,487	0
Chromium Metal	ST	3,511	8,511	39.493	5,000	0

**TABLE 5 (Continued)**  
**STOCKPILE GOALS AND INVENTORY STATUS**  
**FOLLOWING THE ENACTMENT OF PUBLIC LAW 106-65**  
**Inventory Quantities and Market Values as of September 30, 1999**  
**Goals effective 10/05/99 following the enactment of**  
**FY 2000 Authorization and Appropriation Acts**  
**(Millions of Dollars)**

Material	Unit	Goal	<u>Inventory Level</u>		<u>Inventory Status</u>	
			Quantity	Value (\$)	Excess	Deficit
9. Cobalt	LB Co		28,155,889	294.623	28,155,889	0
10. Columbium						
Columbium Carbide Powder	LB Cb		21,372	0.374	21,372	0
Columbium Concentrates	LB Cb		1,493,089	0.000	1,493,089	0
Columbium, Ferro	LB Cb		507,243	3.179	507,243	0
Columbium, Metal	LB Cb		141,143	2.470	141,143	0
11. Diamond, Industrial						
Diamond Dies	PC		0	0.000	0	0
Diamond, Industrial, Crushing Bort	ct		0	0.000	0	0
Diamond, Industrial, Stones	ct		2,497,029	24.970	2,497,029	0
12. Fluorspar						
Acid Grade	SDT		0	0.000	0	0
Metallurgical Grade	SDT		161,134	4.296	161,134	0
13. Germanium	KG		50,567	59.147	50,567	0
14. Graphite						
Ceylon Amorphous (Lump)	ST		5,453	1.091	5,453	0
Malagasy (Crystalline)	ST		7,923	1.133	7,923	0
Other than Ceylon & Malagasy	ST		0	0.000	0	0
15. Indium	Tr Oz		0	0.000	0	0
16. Iodine	LB		3,944,359	25.243	3,944,359	0
17. Jewel Bearings						
Jewel Bearings	PC	30,273,221	30,273,221	0.000	0	53,726,779
Jewel Bearings - NSG	PC		51,778,337	0.000	51,778,337	0

**TABLE 5 (Continued)**  
**STOCKPILE GOALS AND INVENTORY STATUS**  
**FOLLOWING THE ENACTMENT OF PUBLIC LAW 106-65**  
**Inventory Quantities and Market Values as of September 30, 1999**  
**Goals effective 10/05/99 following the enactment of**  
**FY 2000 Authorization and Appropriation Acts**  
**(Millions of Dollars)**

Material	Unit	Goal	<u>Inventory Level</u>		<u>Inventory Status</u>	
			Quantity	Value (\$)	Excess	Deficit
18. Lead	ST		276,687	139.893	276,687	0
19. Manganese Dioxide Battery Grade						
Manganese Dioxide, Bat. Grade, Natural	SDT		123,166	7.807	123,166	0
Manganese Dioxide, Bat. Grade, Synthetic	SDT		3,011	3.941	3,011	0
20. Manganese						
Manganese Ore, Chemical Grade	SDT		158,104	13.684	158,104	0
Manganese Ore, Metallurgical Grade	SDT		1,028,854	18.872	1,028,854	0
Manganese, Ferro, High Carbon	ST	209,074	950,572	227.029	741,498	0
Manganese Metal	ST		6,379	10.646	6,379	0
21. Mercury	FL		128,662	0.000	128,662	0
22. Mica						
Muscovite Block, Stained & Better	LB		624,619	0.396	624,619	0
Muscovite Film, 1st & 2nd Qualities	LB		1,548	0.000	1,548	0
Muscovite Splittings	LB		11,536,734	1.707	11,536,734	0
Phlogopite Block	LB		117,942	0.024	117,942	0
Phlogopite Splittings	LB		516,643	0.296	516,643	0
23. Morphine Sulfate (Analgesics)	AMA		2,815	0.399	2,815	0
24. Nickel	ST		0	0.000	0	0
25. Platinum Group Metals						
Iridium	Tr Oz	25,140	25,210	7.384	70	0
Palladium	Tr Oz	11	1,099,428	342.808	1,099,417	0
Platinum	Tr Oz		342,357	120.349	342,357	0
26. Quartz Crystals	LB	232,168	232,168	\$0.982	0	0

**TABLE 5 (Continued)**  
**STOCKPILE GOALS AND INVENTORY STATUS**  
**FOLLOWING THE ENACTMENT OF PUBLIC LAW 106-65**  
**Inventory Quantities and Market Values as of September 30, 1999**  
**Goals effective 10/05/99 following the enactment of**  
**FY 2000 Authorization and Appropriation Acts**  
**(Millions of Dollars)**

Material	Unit	Goal	<u>Inventory Level</u>		<u>Inventory Status</u>	
			Quantity	Value (\$)	Excess	Deficit
27. Quinidine	Av Oz		2,261,121	0.934	2,261,121	0
28. Quinine	Av Oz		1,551,045	1.087	1,551,045	0
29. Ricinoleic/Sebacic Acid Products	LB		2,656,500	3.023	2,656,500	0
30. Rubber, Natural	LT		69,220	67.475	69,220	0
31. Silicon Carbide	ST		0	0.000	0	0
32. Silver	Tr Oz		26,203,026	86.339	26,203,026	0
33. Talc, Steatite Block & Lump	ST		1,000	0.203	1,000	0
34. Tantalum Group						
Tantalum Carbide Powder	LB Ta		20,189	1.225	20,189	0
Tantalum Metal Powder	LB Ta	36,020	136,123	10.116	100,103	0
Tantalum Metal	LB Ta	120,228	219,565	19.036	99,337	0
Tantalum Minerals	LB Ta		2,210,454	91.946	2,210,454	0
Tantalum Oxide	LB Ta		102,250	3.579	102,250	0
35. Thorium Nitrate	LB	600,000	7,091,891	0.000	6,491,891	0
36. Tin	MT		71,674	390.800	71,674	0
37. Titanium Sponge	ST		34,501	123.643	34,501	0
38. Tungsten						
Tungsten Carbide Powder	LB W		1,788,022	2.718	1,788,022	0
Tungsten, Ferro	LB W		1,813,993	4.582	1,813,993	0
Tungsten Metal Powder	LB W		1,817,577	3.092	1,817,577	0
Tungsten Ores & Concentrates	LB W		73,440,624	163.772	73,440,624	0
39. Vegetable Tannin Extract						

**TABLE 5 (Continued)**  
**STOCKPILE GOALS AND INVENTORY STATUS**  
**FOLLOWING THE ENACTMENT OF PUBLIC LAW 106-65**  
**Inventory Quantities and Market Values as of September 30, 1999**  
**Goals effective 10/05/99 following the enactment of**  
**FY 2000 Authorization and Appropriation Acts**  
**(Millions of Dollars)**

Material	Unit	Goal	<u>Inventory Level</u>		<u>Inventory Status</u>	
			Quantity	Value (\$)	Excess	Deficit
Chestnut	LT		1,064	0.351	1,064	0
Quebracho	LT		102,312	23.331	102,312	0
Wattle	LT		6,242	1.391	6,242	0
40. Zinc	ST		197,620	202.995	197,620	0
<b>TOTALS: STRATEGIC AND CRITICAL MATERIALS</b>				<b>\$3,374.897</b>		
<b>OTHER <sup>1/</sup></b>				<b>\$0.014</b>		
<b>TOTAL INVENTORY VALUE</b>				<b>\$3,374.911</b>		

<sup>1/</sup> In addition to the materials listed in this Table, the NDS inventory also contains asbestos (crocidolite), celestite, kyanite, mica (muscovite block, stained and lower), talc (ground), and zirconium valued at \$.014 million. These materials have been determined to be neither strategic nor critical.

**TABLE 6**

**INVENTORY SOLD BUT NOT SHIPPED**  
**(Shipping to occur in accordance with specific contract provisions)**

**As of September 30, 1999**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>
Aluminum Oxide Abrasive Grain	ST	559.38
Aluminum Oxide Fused Crude	ST	39,434.05
Antimony	ST	1,570.04
Asbestos - Chrysotile	ST	2,381.62
Bauxite Metallurgical Grade - Jamaica	LDT	2,330,275.97
Bauxite Metallurgical Grade - Surinam	LDT	1,835,611.16
Bauxite Refractory	LDT	58,321.80
Beryl	ST	3,420.22
Beryllium Copper Master Alloy	ST	891.22
Beryllium Metal	ST	19.84
Cadmium	LB	37,422.00
Chromite - Chemical	SDT	47,785.51
Chromite - Metallurgical	SDT	206,437.10
Chromite - Refractory	SDT	44,761.89
Chromium - Ferro High Carbon	ST	151.24
Chromium - Ferro Low Carbon	ST	3,437.46
Cobalt	LBCo	1,091,705.13
Columbium Metal Ingots	LB Cb	19,979.88
Tantalum Minerals	LB Ta	93,483.98
Diamond Stones	ct	213,009.20
Diamonds Dies Small	PC	4,628.00
Ferrochromium-Silicon	ST	1,395.39
Ferrocolumbium	LB Cb	11,657.00
Fluorspar Acid	SDT	275,452.45
Fluorspar Metallurgical	SDT	50,969.00
Germanium Metal - Intrinsic	KG	865.01
Graphite Malagasy Crystalline Fines	ST	947.21
Graphite Malagasy Crystalline Flakes	ST	3,952.08
Graphite Other than Ceylon & Malagasy	ST	2.09
Iodine	LB	144,423.00
Lead	ST	14,048.77
Manganese Chemical	SDT	1,500.00
Manganese Dioxide Battery Natural	SDT	1,500.00

**TABLE 6 (Continued)**

**INVENTORY SOLD BUT NOT SHIPPED**  
**(Shipping to occur in accordance with specific contract provisions)**

**As of September 30, 1999**

<b>Material</b>	<b>Unit</b>	<b>Quantity</b>
Manganese Electrolytic	SDT	529.20
Manganese Ferro High Carbon	ST	30,788.63
Manganese Metallurgical	SDT	126,064.36
Mica Muscovite Block	LB	611,359.79
Mica Muscovite Film	LB	114.00
Mica Muscovite Splitting	LB	125,851.00
Mica Phlogopite Block	LB	12,803.24
Platinum - Iridium	Tr Oz	100.00
Quartz - Raw	LB	332.90
Rubber	LT	2,823.34
Silicon Carbide	SDT	960.97
Talc - Block And Lump	ST	2.00
Tantalum Metal Powder	LB Ta	4,601.00
Tantalum Metal Ingots	LB Ta	9,802.07
Tin	MT	8,077.38
Tungsten Carbide Powder	LB W	244,859.00
Tungsten Ferro	LB W	210,150.00
Tungsten Metal Powder	LB W	80,425.00
Tungsten Ores & Concentrates	LB W	2,917,500.00
Vegetable Tannin Chestnut	LT	1,482.85
Vegetable Tannin Quebracho	LT	2,276.92
Vegetable Tannin Wattle	LT	1,777.39
Zinc	ST	3,280.89



## APPENDIX E

---

### ABBREVIATIONS USED IN THIS REPORT

AMA LB .....	Anhydrous Morphine Alkaloid Pound
AMP .....	Annual Materials Plan
Av Oz .....	Avoirdupois Ounce (28.350 Grams)
DLA .....	Defense Logistics Agency
DoD .....	Department of Defense
DNSC .....	Defense National Stockpile Center
FL .....	Flask (76 Pounds)
HC .....	High Carbon
KG .....	Kilogram
ct .....	Carat
LB .....	Pound
LB Cb .....	Pounds of Contained Columbium
LB Co .....	Pounds of Contained Cobalt
LB Ta .....	Pounds of Contained Tantalum
LB W .....	Pounds of Contained Tungsten
LCT .....	Long Calcined Ton
LDT .....	Long Dry Ton
LT .....	Long Ton
MT .....	Metric Ton
NDS .....	National Defense Stockpile
NSG .....	Non-Stockpile Grade
PC .....	Piece
S&CM .....	Strategic and Critical Materials
SDT .....	Short Dry Ton
ST .....	Short Ton
ST Be .....	Short Tons of Contained Beryllium
ST Cr .....	Short Tons of Contained Chromium
ST Mn .....	Short Tons of Contained Manganese
ST V .....	Short Tons of Contained Vanadium
Tr Oz .....	Troy Ounce

This page was left blank intentionally.

## APPENDIX F

---

### BIDDERS INFORMATION

---

#### MAILING LISTS

Individuals or companies interested in buying from or selling to the Defense National Stockpile Center (DNSC) may request to be placed on a mailing list for the material(s) or services they wish to buy or sell. The request should contain the following information:

Name  
Title  
Company  
Mailing address  
Telephone  
Facsimile  
Materials or Services interested in:

Requests to be added to mailing lists should be sent to:

Defense National Stockpile Center  
ATTN: DNSC-P  
Suite 4616  
8725 John J. Kingman Road  
Fort Belvoir, VA 22060-6223

#### SALES

Materials are offered for sale when they are excess to the goal and authorized for sale by the Congress and are listed on the current fiscal year's Annual Materials Plan. To the extent possible sales are conducted competitively. DNSC carefully monitors prices and other market conditions to ensure that sales do not unduly disrupt the market and that there is a fair return to the taxpayer. Individuals and companies on the mailing list for a material being sold automatically receive the necessary documents on which to submit an offer.

#### TYPES OF SALES

***Ssealed Bid:*** An Invitation-for-Bids (IFB) containing all the terms and conditions of the sale is sent to all potential bidders. Bids are opened publicly and evaluated without discussions with bidders. Awards are made only to the responsive, responsible bidders whose bids conform to the IFB and are deemed advantageous to the Government.

***Negotiated:*** The solicitation does not predetermine all the terms and conditions of the final contract. Price and other terms are negotiable. Buyers make an initial offer and an award may be made without further discussions or the Government may negotiate terms. Where discussions have taken place, each offeror is asked to submit a "best and final offer," at which point discussions end. Offers are then evaluated and an award is made to the responsible offeror whose offer is considered most advantageous to the Government.

## METHODS OF PAYMENT

Payment for Stockpile materials is due prior to delivery unless other options are specified in a negotiated contract.

## ACQUISITIONS (PURCHASES)

To the extent possible, DNSC purchases materials and services competitively. In addition to contracts for the direct purchase of materials, DNSC may also award contracts to upgrade materials in the Stockpile to a form more suitable for storage, subsequent disposition, or immediate use. Solicitation documents contain specific information about planned purchases of individual materials or services. Notices of these solicitations are published in the Commerce Business Daily, trade publications, and daily wire services. Individuals and companies on the mailing lists for the materials or services being acquired will automatically receive new solicitations when they are issued. Those not on the mailing list may request the solicitations from DNSC. A review of program information can be found on the internet at <http://www.dnsc.dla.mil> or questions can be directed via [agricola@hq.dla.mil](mailto:agricola@hq.dla.mil).

Materials to be purchased or upgraded are placed on the Annual Materials Plan (See Chapter II). There are no plans to purchase new materials in Fiscal Year 1999. In addition to stockpile materials, DNSC also contracts for the purchase of construction, repair, maintenance, supplies, and non-personal services at the various Stockpile storage locations across the United States.

## TYPES OF PROCUREMENTS

***Sealed Bid:*** This is the method usually employed when the Government's requirements can be precisely described, when pre-award discussions are not necessary, when more than one bid is expected, and when award will be based on price and price-related factors. DNSC will issue an Invitation-for-Bids (IFB) describing the material or service being purchased and the specific procedures for submitting a bid. Bids are opened publicly and evaluated without discussions with bidders. Contracts are awarded to the responsible bidders whose bids conform to the terms of the IFB and are deemed advantageous to the Government.

***Negotiated:*** Negotiated procurements involve submission of initial proposals to the Government in response to a Solicitation for Offers for the particular material or service. This method permits discussions by the parties and allows the offeror to revise the initial proposal prior to the award of the contract. Negotiations can include discussions on price, delivery schedule, technical requirements, type of contract, or other terms of the proposal. Price is not necessarily the most important factor and awards may be made on other than price and price-related factors, for example, a superior technical approach.

## METHODS OF PAYMENT

The Contractor is paid by Government check or electronic funds transfer for materials or services received and accepted by DNSC.

## ADDITIONAL INFORMATION

Section 6(b) of the Strategic and Critical Materials Stock Piling Act (see Appendix A to this report) contains basic procedures for buying and selling Stockpile materials. The established Federal procurement practices referenced by this Act include the Federal Acquisition Regulations (FAR), the Defense Federal Acquisition Regulation Supplement (DFARS), and the Defense Logistics Acquisition Directive (DLAD).

## APPENDIX G

---

### SUBSCRIPTION SERVICES

---

#### SUBSCRIPTIONS TO THIS REPORT

Members of the strategic and critical materials community in either the government or the private sector may receive a copy of the Strategic and Critical Materials Report to the Congress.

To begin or renew a subscription to this annual report, mail or fax your name, title, organization, mailing address, and ZIP code to us.

#### Subscription Request

**Please Type or Print**

**Mail or Fax to:**

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Organization)

\_\_\_\_\_  
(Mailing Address)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Country)

\_\_\_\_\_  
(Phone Number)

Defense National Stockpile Center  
Stockpile Report Subscriptions  
ATTN: DNSC-SR, Suite 4616  
8725 John J. Kingman Road  
Fort Belvoir, VA 22060-6223  
Fax: (703) 767-6528

For information, contact:

Kristin Guss: (703) 767-6492  
e-mail: kristin\_guss@hq.dla.mil

**Defense National Stockpile Center  
8725 John J. Kingman Road  
Fort Belvoir, VA 22060-6223  
(703) 767-5500  
FAX (703) 767-5538**

*Administrator*  
*Richard J. Connelly* 767-5500

*Deputy Administrator*  
*Robert M. O'Brien* 767-5500

*Stockpile Contracts*  
*Cornel A. Holder, Director* 767-5476

*Strategic Materials Management*  
*Giles E. Lepage, Director* 767-7642

*Office of Counsel*  
*Essie A. Schloss, Counsel* 767-7648

*Management and Systems Support*  
*Kenneth P. Davis, Director* 767-6526

*Planning and Market Research*  
*Peter C. Mory, Director* 767-6485

DNSC Home Page: <http://www.dnsc.dla.mil>

DNSC e-mail: [agricola@hq.dla.mil](mailto:agricola@hq.dla.mil)